

NOKENG TSA TAEMANE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011.

APPENDIX A – SCHEDULE OF EXTERNAL LOANS

| EXTERNAL LOANS | Interest rates | Loan Number | Redeemable | Balance at 2010/06/30 | Correction previous year balance | Received during the period | Interest Capitalised | Redeemed written off during the period | Balance at 2011/06/30 | Carrying Value of Property, Plant & Equip | Short-term portion |
|--------------------------------------|----------------|---------------|------------|-----------------------|----------------------------------|----------------------------|----------------------|--|-----------------------|---|--------------------|
| ANNUITY LOANS | | | | | | | | | | | |
| DBSA | 16.55% | 1944 | Dec-12 | | | | | | | | |
| DBSA | 5% | GP102103 | Mar-14 | 4 704 | - | - | | 4 704 | - | | 0 |
| DBSA | 13.75% | 1805 | Jun-07 | 1 082 611 | - | - | | 376 626 | 705 985 | 1 323 160 | 395 833 |
| DBSA | 13.75% | 1859+960 | Jun-09 | 48 392 | - | - | | 30 967 | 17 425 | | 17 425 |
| DBSA | 16.55% | 1844 | Jun-10 | 9 189 | - | - | | 9 189 | - | | 0 |
| DBSA | 5.00% | 102103/1 | Aug-16 | 1 212 820 | - | | | 172 251 | 1 040 568 | 1 474 235 | 180 937 |
| Magalies Water | 13.50% | L-001/RO | Sep-12 | 1 295 371 | - | - | 36 094 | 225 927 | 1 105 539 | | 257 456 |
| OTHER LOANS | | | | | | | | | | | |
| ABSA | 12.00% | 72622478 | May 2011 | 41 198 | - | - | | 41 198 | - | 45 248 | 0 |
| ABSA | 12.00% | 72622524 | May 2011 | 41 198 | - | - | | 41 198 | - | 45 248 | 0 |
| ABSA | 12.00% | 72622508 | May 2011 | 41 198 | - | - | | 41 198 | - | 45 248 | 0 |
| ABSA | 12.00% | 72622516 | May 2011 | 41 198 | - | - | | 41 198 | - | 45 248 | 0 |
| ABSA | 12.00% | 72622532 | May 2011 | 27 224 | - | - | | 27 224 | - | 27 921 | 0 |
| ABSA | 12.00% | 72622486 | May 2011 | 41 198 | - | - | | 41 198 | - | 45 248 | 0 |
| CAPITALISED LEASE LIABILITIES | | | | | | | | | | | |
| ABSA | 10.00% | 71834455 | Aug 2011 | 134 071 | | - | | 53 686 | 80 385 | 63 399 | 80 385 |
| ITEC | | B210/20707182 | Dec 2011 | 4 596 | | - | | 4 596 | - | 1 | 0 |
| ITEC | | B210/20707111 | Dec 2011 | 4 596 | | - | | 4 596 | - | 1 | 0 |
| ITEC | | 160F/45002388 | Dec 2011 | 2 387 | | - | | 2 387 | - | 1 | 0 |
| ITEC | | 57BN03167 | Oct 2012 | 652 388 | | - | | 258 451 | 393 937 | 649 546 | 337 660 |
| TOTAL EXTERNAL LOANS | | | | 4 684 340 | 0 | 0 | | 1 376 594 | 3 343 839 | 3 764 504 | 1 269 696 |

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APPENDIX B – ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

| | Cost/Revaluation | | | | | | | Accumulated Depreciation | | | | | |
|------------------------|------------------|-----------|-----------------------|--------------------|------------------------|-----------|-----------------|--------------------------|------------|-----------------------|-----------|-----------------|----------------|
| | Opening Balance | Additions | Transfer / Correction | Under Construction | Revaluation Impairment | Disposals | Closing Balance | Opening Balance | Additions | Transfer / Correction | Disposals | Closing Balance | Carrying Value |
| Land and Buildings | 75 905 152 | - | - | - | - | - | 75 905 152 | 3 214 | 677 | | | 3 891 | 75 901 261 |
| Infrastructure | 301 897 165 | 24 932 | - | 11 619 107 | - | - | 313 541 204 | 24 236 108 | 24 236 109 | | | 48 472 217 | 265 068 986 |
| Community Assets | 25 832 316 | 492 075 | - | 2 579 838 | | | 28 904 229 | 725 890 | 640 295 | - | | 1 366 184 | 27 538 045 |
| Stock (Land) | 4 856 000 | - | - | - | - | - | 4 856 000 | - | - | - | - | - | 4 856 000 |
| Other Assets | | | | | | | | | | | | | - |
| Motor Vehicles | 7 120 721 | 505 012 | - | - | (13 852) | - | 7 611 881 | 3 672 923 | 1 051 656 | (258 074) | - | 4 466 505 | 3 145 377 |
| IT Equipment | 2 171 743 | 262 755 | - | - | (23 233) | 217 474 | 2 193 790 | 1 348 844 | 334 997 | (98 265) | 112 152 | 1 473 424 | 720 366 |
| Furniture and Fittings | 2 845 736 | 519 105 | - | - | (7 747) | 42 872 | 3 314 222 | 1 436 183 | 447 206 | (10 468) | 13 000 | 1 859 922 | 1 454 300 |
| Machinery | 434 471 | 24 829 | - | - | (3 701) | 96 573 | 359 026 | 240 448 | 111 953 | (21 840) | 78 118 | 252 443 | 106 583 |
| Office Equipment | 2 703 643 | 157 468 | - | - | - | 22 193 | 2 838 919 | 2 039 391 | 415 072 | (252 094) | 17 751 | 2 184 617 | 654 301 |
| Sports Equipment | 240 771 | - | - | - | - | - | 240 771 | 217 070 | 32 659 | (25 799) | - | 223 930 | 16 841 |
| | 15 517 085 | 1 469 170 | - | - | (48 533) | 379 112 | 16 558 610 | 8 954 858 | 2 393 543 | (666 540) | 221 021 | 10 460 841 | 6 097 769 |
| Intangible Assets | 747 258 | 16 718 | - | - | - | 98 512 | 665 464 | 373 292 | 54 721 | (2 473) | 46 467 | 379 072 | 286 392 |
| TOTAL | 424 754 977 | 2 002 894 | - | 14 198 945 | (48 533) | 477 624 | 440 430 359 | 34 293 362 | 27 325 344 | (669 012) | 267 488 | 60 682 206 | 379 748 453 |
| | | | | | | | | | | | | | |

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APPENDIX C: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

| | Cost / Revaluation | | | | | | Accumulated Depreciation | | | | | Carrying Value |
|--------------------------|--------------------|-----------|--------------|------------|------------|-------------|--------------------------|------------|------------|------------|------------|----------------|
| | Opening | Additions | Under | Impairment | Disposals | Closing | Opening | Additions | Transfer / | Disposals | Closing | |
| | Balance | | Construction | | | Balance | Balance | | Correction | | Balance | |
| Financial | 1 733 274 | 30 559 | | (4 442) | (140 459) | 1 618 931 | 1 170 707 | 230 289 | (67 461) | (61 585) | 1 271 951 | 346 981 |
| Municipal Manager | 19 648 997 | | | (270) | (17 108) | 19 631 618 | 137 304 | 32 415 | (5 423) | (12 597) | 151 699 | 19 479 919 |
| Executive Mayor's Office | 658 042 | | | | (7 275) | 650 767 | 220 692 | 137 766 | (1 784) | (5 804) | 350 870 | 299 898 |
| Cemetery | 6 100 000 | | | | - | 6 100 000 | - | - | - | - | - | 6 100 000 |
| Library | 4 680 231 | 608 891 | 1 515 668 | (5 410) | (15 484) | 6 783 896 | 789 867 | 580 619 | (5 211) | (3 701) | 1 361 573 | 5 422 323 |
| Fire brigade | 1 384 670 | | | | (53 649) | 1 331 021 | 501 042 | 100 742 | (20 706) | (43 018) | 538 060 | 792 961 |
| Clinic | 85 793 | | | (334) | (800) | 84 659 | 65 119 | 11 691 | (3 054) | (542) | 73 213 | 11 446 |
| Housing | 4 906 087 | | | (1 007) | - | 4 905 080 | 38 045 | 6 414 | (3 595) | - | 40 863 | 4 864 217 |
| Licence | 261 564 | | | (263) | (5 100) | 256 201 | 190 155 | 30 464 | (9 712) | (4 813) | 206 095 | 50 106 |
| Municipal Building | 44 323 538 | | 1 064 171 | | (6 246) | 45 381 463 | 499 164 | 282 477 | (2 167) | (4 956) | 774 518 | 44 606 945 |
| Roads and Storm Water | 159 340 233 | | | | (147) | 159 340 086 | 18 094 531 | 17 572 641 | (50 318) | (140) | 35 616 714 | 123 723 372 |
| Town Planning | 222 589 | | | | (869) | 221 720 | 148 507 | 28 623 | (12 444) | (243) | 164 443 | 57 277 |
| General expenditure | 2 814 435 | 1 300 035 | | (79) | (130 352) | 3 984 040 | 1 990 098 | 492 626 | (244 062) | (94 846) | 2 143 817 | 1 840 223 |
| Refuse Dept | 2 667 826 | | | (150) | (3 600) | 2 664 076 | 21 394 | 8 458 | (648) | (1 266) | 27 938 | 2 636 138 |
| Speaker's Office | 388 105 | 13 694 | | (1 996) | (11 403) | 388 401 | 276 011 | 75 466 | (622) | (3 424) | 347 431 | 40 970 |
| Sewerage Dept | 81 898 105 | - | 8 066 486 | | (130) | 89 964 461 | 1 791 493 | 1 775 550 | (864) | (68) | 3 566 111 | 86 398 350 |
| Parks and Recreation | 412 810 | 24 784 | | (8 080) | (300) | 429 214 | 277 227 | 62 660 | (19 928) | (258) | 319 701 | 109 513 |
| Support Services | 287 020 | | | (6 806) | (23 124) | 257 090 | 178 086 | 40 777 | (10 479) | (8 746) | 199 638 | 57 452 |
| Traffic Dept | 2 423 059 | | | (109) | (6 839) | 2 416 110 | 990 891 | 252 035 | (39 034) | (1 556) | 1 202 336 | 1 213 774 |
| Electricity | 45 545 890 | - | 2 219 523 | (234) | (1 000) | 47 764 179 | 4 785 069 | 4 423 795 | (87 709) | (678) | 9 120 476 | 38 643 703 |
| Water | 42 478 041 | 24 932 | 1 333 098 | (18 977) | (27 271) | 43 789 823 | 1 734 760 | 1 097 260 | (47 202) | (4 137) | 2 780 681 | 41 009 142 |
| SRLAC | 2 314 416 | | | (375) | (9 800) | 2 304 241 | 308 915 | 48 849 | (33 974) | (8 832) | 314 958 | 1 989 283 |
| Project Management Unit | 180 250 | | | | (16 668) | 163 582 | 84 286 | 33 729 | (2 616) | (6 277) | 109 122 | 54 460 |
| TOTAL | 424 754 977 | 2 002 895 | 14 198 945 | (48 533) | (477 624) | 440 430 659 | 34 293 363 | 27 325 344 | (669 013) | (267 488) | 60 682 206 | 379 748 453 |

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APPENDIX D – SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR

| 2010 Actual Income R | 2010 Actual Expenditure R | 2010 (Surplus)/ Deficit R | | 2011 Actual Income R | 2011 Actual Expenditure R | 2011 (Surplus)/ Deficit R |
|-------------------------------|------------------------------------|------------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------------|
| 85 946 128 | 103 586 996 | (17 640 868) | RATE AND GENERAL SERVICES | 76 193 938 | 132 703 684 | (56 509 745) |
| 56 293 144 | 84 417 052 | (28 123 908) | Community services | 52 747 947 | 97 491 440 | (44 743 492) |
| 31 063 892 | 16 425 526 | 14 638 366 | Assessment rates | 32 388 368 | 31 134 406 | 1 253 962 |
| 69 971 | 1 583 748 | (1 513 777) | Cemetery | 105 157 | 1 728 926 | (1 623 768) |
| 1 420 982 | 2 104 475 | (683 493) | Library | 3 144 387 | 2 792 252 | 352 135 |
| - | 1 089 879 | (1 089 879) | SRLAC | - | 1 032 332 | (1 032 332) |
| 309 000 | 748 366 | (439 366) | PMU | - | 789 975 | (789 975) |
| 19 940 | 2 153 012 | (2 133 072) | Municipal buildings | 1 721 019 | 2 671 536 | (950 517) |
| - | 6 930 942 | (6 930 942) | Corporate Services | - | 10 670 022 | (10 670 022) |
| 595 985 | 3 761 515 | (3 165 530) | Building control & T/Plan | 794 763 | 3 430 668 | (2 635 905) |
| 3 327 116 | 12 436 297 | (9 109 181) | Council general Expenditure | 4 224 932 | 4 610 957 | (386 025) |
| - | 2 914 204 | (2 914 204) | Parks & Recreation | 160 938 | 3 246 462 | (3 085 523) |
| - | 2 901 427 | (2 901 427) | Municipal Manager's Office | - | 6 165 557 | (6 165 557) |
| 12 426 104 | 18 787 894 | (6 361 790) | Finance | 4 496 851 | 18 168 629 | (13 671 778) |
| - | 2 245 988 | (2 245 988) | Political Office - Executive Mayor | 10 965 | 1 358 676 | (1 347 711) |
| - | 1 603 646 | (1 603 646) | Political Office - Speaker | - | 1 098 526 | (1 098 526) |
| 7 060 154 | 8 730 133 | (1 669 979) | Traffic | 5 700 567 | 8 592 516 | (2 891 949) |
| 3 282 043 | 8 907 818 | (5 625 775) | Subsidised services | - | 26 448 173 | (26 448 173) |

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APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

| REVENUE | <u>2011</u> <u>Actual</u> R | <u>2011</u> <u>Budget</u> R | <u>Variance</u> R | <u>Variance</u> % | <u>greater than 10% versus Budget</u> |
|---|-----------------------------------|-----------------------------------|----------------------|----------------------|---|
| Property rates | 28 093 073 | 28 650 000 | (556 927) | -1.94 | |
| Property rates - penalties imposed and collection charges | 4 295 295 | 3 200 000 | 1 095 295 | 34.23 | Additional revenue realised than anticipated |
| Service charges | 46 249 460 | 46 001 028 | 248 432 | 0.54 | |
| Rental of facilities and equipment | 70 086 | 60 500 | 9 586 | 15.84 | Additional revenue realised than anticipated |
| Interest earned - external investments | 737 455 | 573 888 | 163 567 | 28.50 | SARS refund received invested |
| Interest earned - outstanding debtors | 4 294 995 | 5 949 654 | (1 654 659) | -27.81 | Anticipated revenue not realised. |
| Fines | 5 705 434 | 7 303 000 | (1 597 566) | -21.88 | Anticipated revenue not realised |
| Licences and permits | 5 817 219 | 8 100 000 | (2 282 781) | -28.18 | |
| Government grants and subsidies | 49 381 345 | 41 765 312 | 7 616 033 | 18.24 | Grants received previous years conditions only met now |
| Other income | 1 964 080 | 1 826 504 | 137 576 | 7.53 | |
| Total Revenue | 146 608 442 | 143 429 886 | 3 178 556 | 2.22 | |
| EXPENDITURE | | | | | |
| Employee related costs | 56 310 594 | 54 415 272 | 1 895 322 | 3.48 | Moratorium placed on filling of vacancies |
| Remuneration of councillors | 1 002 574 | 1 002 446 | 128 | 0.01 | Council dissolved in October 2010 |
| Bad debts provision | 34 714 585 | 10 585 284 | 24 129 301 | 227.95 | Additional provision required not budgeted for |
| Depreciation | 27 322 871 | 3 041 780 | 24 281 091 | 798.25 | GRAP 17 implementation |
| Repairs & Maintenance | 466 526 | 914 500 | (447 974) | -48.99 | Delayed repairs and maintenance due to cash flow |
| Interest paid | 347 890 | 112 088 | 235 802 | 210.37 | Budget not informed by loan schedules |
| Bulk purchases | 31 516 779 | 30 200 000 | 1 316 779 | 4.36 | Increase in water and electricity tariffs |
| Contracted Services | 19 280 995 | 22 303 160 | (3 022 165) | -13.55 | Refuse removal services contracted in/Cash flow constraints |
| General expenses | 19 592 093 | 18 763 761 | 828 332 | 4.41 | Provisions for leave, bonuses and long services awards |
| Total Expenditure | 190 554 907 | 141 338 291 | 49 216 616 | 34.82 | |
| ADD: Surplus/(Loss) on Disposal of assets | (17 207) | | | | |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | (43 963 672) | 2 091 595 | (46 038 060) | | |

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APPENDIX E (2) - ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011

| | <u>2011</u> <u>Actual</u> R | <u>2011</u> <u>Under</u> <u>Construction</u> R | <u>2011</u> <u>Revaluation</u> | <u>2011</u> <u>Total</u> <u>Additions</u> R | <u>2011</u> <u>Budget</u> R | <u>2011</u> <u>Variance</u> R | <u>2011</u> <u>Variance</u> % | <u>Explanation of Significant</u> <u>Variances</u> <u>greater than 5% versus Budget</u> |
|------------------------|---------------------------------------|---|-----------------------------------|--|---------------------------------------|---|---|---|
| Land and Buildings | - | - | - | - | - | - | 0.00 | - |
| Infrastructure | 24 931.62 | 11 619 107 | - | 11 644 039 | 16 915 000 | (5 270 961) | -31.16 | Projects delayed due to cash flow constraints |
| Community Assets | 492 075 | 2 579 838 | - | 3 071 913 | 3 100 000 | (28 087) | -0.91 | |
| Other Assets | 1 469 170 | - | - | 1 469 170 | - | 1 469 170 | | |
| Motor Vehicles | 505 012 | - | - | 505 012 | - | 505 012 | 100.00 | GRAP Restatement |
| IT Equipment | 262 755 | - | - | 262 755 | - | 262 755 | 100.00 | GRAP Restatement |
| Furniture and Fittings | 519 105 | - | - | 519 105 | - | 519 105 | 100.00 | GRAP Restatement |
| Machinery | 24 829 | - | - | 24 829 | - | 24 829 | 100.00 | GRAP Restatement |
| Office Equipment | 157 468 | - | - | 157 468 | - | 157 468 | 100.00 | GRAP Restatement |
| Sports Equipment | 0 | - | - | - | - | - | 0.00 | |
| Intangible Assets | 16 718 | 0 | 0 | 16 718 | 0 | 16 718 | | |
| Software | 16 718 | | | 16 718 | - | 16 718 | 100.00 | Purchased with grant funding |
| | | | | | | | | |
| TOTAL | 2 002 894 | 14 198 945 | - | 16 201 839 | 20 015 000 | (3 813 161) | | |

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APPENDIX F – DISCLOSURE OF GRANTS AND SUBSIDIES

| Name of Grant | Name of Organ of State or Municipal Entity | Quarterly Receipts | | | | Quarterly Expenditure | | | | Grants & Subsidies Delayed/Withheld | | | | Reason for Delay/ Withholding of Funds | Did The Municipality comply with the Grant conditions in terms of Grants Framework in the latest Division of Revenue Act | Reason for Non-compliance |
|-------------------|--|--------------------|------------|-----------|------|-----------------------|------------|-----------|------------|-------------------------------------|----------|-------|---------|--|--|---------------------------|
| | | September | December | March | June | September | December | March | June | September | December | March | June | | Yes / No | |
| Equitable Shares | National Treasury | 11,398,000 | 11,398,000 | 5,699,000 | - | 11,398,000 | 11,398,000 | 5,699,000 | - | | | | | | Yes | |
| MSIG | COGTA | 750,000 | - | - | - | - | 31,149 | 8,136 | 710,715 | | | | | | Yes | |
| Financial Support | DLGH | - | - | - | - | - | 160,938 | 295,531 | 336,958 | | | | | | Yes | |
| MIG | COGTA | 8,585,000 | 7,233,000 | 1,097,000 | - | 1,931,192 | 3,012,410 | 1,140,879 | 5,253,522 | | | | | | Yes | |
| FMG | National Treasury | 3,000,000 | - | - | - | 369,028 | 402,160 | 967,510 | 1,218,519 | | | | | | Yes | |
| DAC | Dept of Sports, Arts & Culture | - | 3,400,000 | - | - | 321,258 | 186,873 | 314,591 | 2,303,242 | | | | 881,293 | Failure to procure within the given time | Yes | |
| DME | Department of Minerals & Energy | - | - | - | - | 980,778 | 797,277 | 480,000 | 441,469 | | | | | | Yes | |
| 20 PTP | Department of Social Development | - | - | - | - | 561,806 | - | - | 502,365 | | | | | | Yes | |
| | | 23,733,000 | 22,031,000 | 6,796,000 | - | 15,562,061 | 15,988,806 | 8,905,647 | 10,766,789 | - | - | - | 881,293 | | | |

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